



Louisiana State Employees' Retirement System

Proposed

One-Time Supplemental Payment [SB 5]

Legislation Fact Sheet

Members Impacted

45,064

Average Payment

\$1,531.83

Total Cost

\$69 Million

WHY?

The average rank-and-file LASERS retiree has not received a Cost-of-Living Adjustment (COLA) since 2016. While there are not enough funds in the Experience Account to provide a typical COLA, we are able to provide some relief in the form of a one-time supplemental payment.

At least six states have used this form of benefit in recent years. Most recently, Texas passed legislation granting a similar supplement to retired teachers. Last year, the Louisiana State Police Retirement System granted a limited payment of this kind to its members.

WHAT IS IT?

This proposed legislation would authorize a one-time supplemental payment, funded by the System's Experience Account to certain retirees and beneficiaries.

The payment will be equal to the lesser of:

1. The retiree or beneficiary's current monthly benefit.
2. \$2,000.

The payment will equal the member's gross pay (capped at \$2,000). There will be no deductions made except for federal tax.

WHEN WILL MEMBERS SEE RELIEF?

The proposed legislation will authorize payment to be made **no later than September 15, 2022**.

As of June 30, 2021

Market Value of Assets: \$14.7 billion (increase of \$3 billion from FY2020)

Unfunded Accrued Liability: \$6.8 billion (decrease by over \$200 million from FY2020)

Funded Ratio: 66% (increased from FY2020)

Employer Contribution Rate: 40.6% (increased from FY2020)

Valuation/Discount Rate: 7.25% (reduced from current 7.40%)

HOW MUCH WILL IT COST?

The expected cost of this proposed legislation is **\$69 Million**. The average one-time supplemental payment per eligible retiree or beneficiary is expected to be about **\$1,531.83**. The one-time supplemental payment will be funded exclusively from the System's Experience Account, which currently has a balance of **\$85,173,827**.

This will not impact the System's ability to meet its obligation relative to funding the Unfunded Accrued Liability (UAL).

WHO IS ELIGIBLE?

All retirees and beneficiaries who would be eligible for a normal COLA. The following requirements must be met as of June 30, 2022 to be eligible:

1. Retired for at least one year; and,
2. At least 60 years of age

Any nonretiree beneficiary whose receipt of benefits is not based on the death of a disability retiree, if benefits have been paid to the retiree or beneficiary or to both combined for at least one year, and if the retiree would have attained age sixty by June 30, 2022. Any disability retiree or any nonretiree beneficiary who receives benefits based on the death of a disability retiree, if benefits have been paid to the retiree or beneficiary, or to both combined, for at least one year as of June 30, 2022.

LASERS staff estimates that this will impact **45,064** retirees and beneficiaries.

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